

JPMorgan Global PMI

Global Report on Services

Produced by JPMorgan and NTC Research in association with ISM and IFPMM

Global services economy expands at series record rate, underpinned by sharpest growth of new business in survey history.

Growth of the global services economy hit a new peak in November, as business activity increased at the strongest rate since data were first compiled in July 1998. New business also expanded at the fastest rate in the series history, and growth of employment reached a near three-year high.

The **Global Services Business Activity Index** registered 62.7 in November, up from 62.1 in October, to remain above the neutral mark of 50.0 for the eighth successive month. Moreover, the Index has maintained an upwards trend throughout this period, to suggest that growth has gathered significant momentum since March's brief war-related contraction.

November data signalled widespread growth of service sector activity, with all the countries for which services PMI data were collected reporting a marked rise in economic output. Overall growth was principally driven by the rapidly expanding US service sector, which saw activity increase at the sharpest rate since January 1998. Growth in the Eurozone and the UK picked-up slightly, hitting a three-year peak in the euro area and six-and-a-half year high in the UK. Meanwhile, the fastest expansion was seen in Australia, although the rate of increase eased slightly from last month's (Australian) survey record.

At 63.3 in November, the **Global Services New Business Index** registered its highest reading since the survey began in July 1998. Furthermore, the Index signalled expansion for the eighth successive month. Growth was strongest in the US, with new business rising at a rate only marginally slower than last month's US series high. The Eurozone saw new orders rise at the steepest rate since September 2000, and growth in the UK reached a six-and-a-half year high.

The **Global Services Backlogs of Work Index** registered 53.1 in November, to signal the steepest increase of outstanding business for a year.

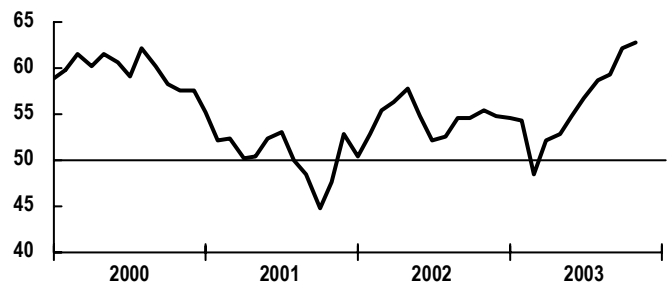
At 53.5 in November, the **Global Services Employment Index** signalled that growth of staffing had reached a near three-year high. The most significant increase was recorded in Russia, followed by the US. Meanwhile, staffing was expanded for the fourth straight month in the UK, and for the first time since July 2002 in the euro area (although the performance of the German labour market remained negative).

November data signalled inflation of average input costs for the twenty-third month in a row. The **Global Input Prices Index** rose to 55.3, to record the steepest increase of input costs for three months.

The Global Report on Services data are combined with the equivalent manufacturing data to produce indicators of all-industry global business conditions. See www.ntc-research.com for details.

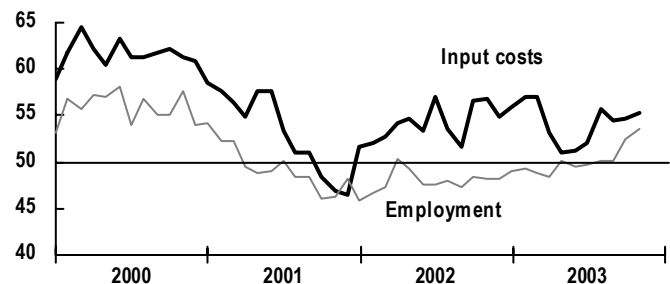
Service sector output

DI, sa



Service sector employment and input costs

DI, sa



Global Services Summary

50 = no change on previous month.

	Oct	Nov	Change	Change on previous month
Output/activity	62.1	62.7	+	Expanding at faster rate
New business	62.9	63.3	+	Expanding at faster rate
Backlogs of work	52.4	53.1	+	Expanding at faster rate
Input prices	54.6	55.3	+	Expanding at faster rate
Employment	52.5	53.5	+	Expanding at faster rate

Commenting on the survey, David Hensley, Director of Global Economics Coordination at JPMorgan, said:

"The performance of the global services economy remains extremely positive, with growth of activity and demand reaching survey record rates. The labor market also is increasingly buoyant. Employment rose at the steepest rate in three years, as the improved economic outlook encouraged companies to increase staffing."

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Notes on data

The Global Report on Services is based on the results of surveys carried out in the USA by ISM, and in the UK, Germany, France, Spain, Italy, Russia, Ireland and Hong Kong by NTC Research. These countries together account for an estimated 60% of global service sector output. For the US, data for service industries are extracted from the ISM non-manufacturing survey in order to retain consistency with data for other countries.

The Global Report on Services provides the first indication each month of global private service sector business conditions, based on data collected from around 3,500 executives. It is compiled by NTC Research. The data enable decision makers in the financial world and in government to make better judgements much earlier than would otherwise be the case.

The wide coverage of the indexes, together with their speed of production, accuracy and direct comparability, make them unmatched as economic indicators. They provide truly "must have" information for financial institutions of all kinds and for major corporations world-wide. Questions are asked about real events and are not opinion based. Data are presented in the form of diffusion indices, where an index reading above 50.0 indicates an increase in the variable since the previous month and below 50.0 a decrease.

The services report is accompanied by a Global Report on Manufacturing and a Global All-Industry PMI Report. See www.ntc-research.com for details.

Data sources

Country*	% share of global GDP**	Producer	In association with	Web
US*	27.0	ISM	-	www.ism.ws
Germany	8.0	NTC	Reuters	www.reuters.de
France	5.3	NTC	CDAF/Reuters	www.cdaf.asso.fr , www.reuters.fr
UK	3.9	NTC	CIPS/Reuters	www.cips.org , www.reuters.co.uk
Italy	3.6	NTC	Reuters/ADACI	www.reuters.it , www.adaci.it
Spain	2.1	NTC	AERCE	www.aerce.org
Australia	1.4	AiG	Commonwealth Bank	www.aigroup.asn.au , www.commbank.com.au
Russia	1.1	NTC	Moscow Narodny Bank	www.mosnar.com
Hong Kong	0.5	NTC	-	www.ntc-research.com
Ireland	0.3	NTC	NCB Stockbrokers	www.ncbdirect.com

* Note: ISM non-manufacturing data have been recalculated to be consistent with the service sector coverage used by NTC.

** Source: World Bank



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The **International Federation of Purchasing and Materials Management (IFPMM)** is the union of 42 national purchasing associations worldwide. Within this circle, about 200,000 purchasing professionals can be reached. IFPMM is a non-political, independent and non-profit oriented international organisation, registered in Aarau, Switzerland. IFPMM facilitates the development and distribution of knowledge to elevate and advance the procurement profession, thus favourably impacting the standard of living of citizens worldwide through improved business practices.

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